Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number:

## Filing at a Glance

Company: Old Surety Life Insurance Company

Product Name: Medicare Supp Plan C (1990 SERFF Tr Num: OSLI-126848953 State: Arkansas

Stand.)

TOI: MS05I Individual Medicare Supplement - SERFF Status: Closed-Approved- State Tr Num: 46990

Standard Plans Closed

Sub-TOI: MS05I.003 Plan C Co Tr Num: State Status: Approved-Closed

Filing Type: Rate

Author: Dwight Herron Disposition Date: 10/19/2010

Date Submitted: 10/06/2010 Disposition Status: Approved-

Closed

Implementation Date: 01/01/2011

Reviewer(s): Stephanie Fowler

Implementation Date Requested: 01/01/2011

State Filing Description:

### **General Information**

Project Name: Status of Filing in Domicile: Not Filed

Project Number:

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Submission Type: New Submission Group Market Size:

Overall Rate Impact: 19% Group Market Type:

Filing Status Changed: 10/19/2010 Explanation for Other Group Market Type:

State Status Changed: 10/19/2010

Deemer Date: Created By: Dwight Herron

Submitted By: Dwight Herron Corresponding Filing Tracking Number:

Filing Description:

Medicare Supp Plan C Rate Increase Filing

## **Company and Contact**

#### Filing Contact Information

Dwight Herron, Secretary & Vice President dherron@oldsurety.com
P O Box 54407 800-272-5466 [Phone]

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number:

Oklahoma City, OK 73154 405-524-4011 [FAX]

**Filing Company Information** 

Old Surety Life Insurance Company CoCode: 67326 State of Domicile: Oklahoma
P O Box 54407 Group Code: Company Type: Life & Health

Oklahoma City, OK 73154 Group Name: State ID Number:

(800) 272-5466 ext. [Phone] FEIN Number: 73-0385800

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## **Filing Fees**

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No

Fee Explanation: Rate filing = \$ 50.00

Per Company: No

COMPANY AMOUNT DATE PROCESSED TRANSACTION #

Old Surety Life Insurance Company \$0.00 10/06/2010

 CHECK NUMBER
 CHECK AMOUNT
 CHECK DATE

 0086253
 \$50.00
 10/06/2010

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number:

## **Correspondence Summary**

## **Dispositions**

Status Created By Created On Date Submitted

Approved- Stephanie Fowler 10/19/2010 10/19/2010

Closed

**Objection Letters and Response Letters** 

**Objection Letters Response Letters Status Created By** Created On Date Submitted **Responded By Date Submitted Created On** Stephanie **Dwight Herron** Pending 10/15/2010 10/15/2010 10/18/2010 10/18/2010 Fowler Industry Response

 SERFF Tracking Number:
 OSLI-126848953
 State:
 Arkansas

 Filing Company:
 Old Surety Life Insurance Company
 State Tracking Number:
 46990

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Standard Plans Sub-TOI: MS051.003 Plan C

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number: /

## **Disposition**

Disposition Date: 10/19/2010 Implementation Date: 01/01/2011

Status: Approved-Closed

Comment: The negotiated rate increase of 15% has been approved to be implemented on or after January 1. 2011. This approval is subject to the following:

- Increases will not be given more frequently than once in a twelve-month period;
- Both the insured and agent shall be notified by the insurer of its intention to increase the rate for renewal not less than thirty (30) days prior to the effective date of the renewal.

Company Name:	Overall %	Overall % Rate	Written	# of Policy	Written	Maximum %	Minimum %
	Indicated	Impact:	Premium	Holders	Premium for	Change (where	Change (where
	Change:		Change for	Affected for this	this Program:	required):	required):
			this	Program:			
			Program:				
Old Surety Life Insurance	19.000%	19.000%	\$14,468	31	\$76,148	%	%
Company							

SERFF Tracking Number: OSLI-126848953 State: Arkansas State Tracking Number: 46990

Filing Company: Old Surety Life Insurance Company

Company Tracking Number:

TOI: MS05I Individual Medicare Supplement -Sub-TOI: MS05I.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number:

**Schedule** Schedule Item Schedule Item Status Public Access

Health - Actuarial Justification **Supporting Document** Approved No Rate Med Supp Plan C Approved Yes

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number:

## **Objection Letter**

Objection Letter Status Pending Industry Response

Objection Letter Date 10/15/2010
Submitted Date 10/15/2010
Respond By Date 11/15/2010

Dear Dwight Herron,

This will acknowledge receipt of the captioned filing.

Based on the amount of the continuous increases for the recent years and the possible impact a 19% increase would have on the citizens of Arkansas, we would be willing to accept a 15% increase for the plans contained in this filing.

Please feel free to contact me if you have questions.

Sincerely,

Stephanie Fowler

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number: /

## **Response Letter**

Response Letter Status Submitted to State

Response Letter Date 10/18/2010 Submitted Date 10/18/2010

Dear Stephanie Fowler,

#### Comments:

Thank you for your quick response on this filing.

#### Response 1

Comments: We agree to lower our rate increase request to 15%. The new annual premium using a 15% increase would be \$ 4.275.00.

#### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely, Dwight Herron 

 SERFF Tracking Number:
 OSLI-126848953
 State:
 Arkansas

 Filing Company:
 Old Surety Life Insurance Company
 State Tracking Number:
 46990

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Standard Plans Sub-TOI: MS051.003 Plan C

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number: /

#### **Rate Information**

Rate data applies to filing.

Filing Method: Review and Approve

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 15.000%

Effective Date of Last Rate Revision: 01/01/2010

Filing Method of Last Filing: Review and Approve

**Company Rate Information** 

Company Name:	Overall %	Overall % Rate	Written	# of Policy	Written	Maximum %	Minimum %
	Indicated	Impact:	Premium	Holders	Premium for	Change (where	Change (where
	Change:		Change for	Affected for this	this Program:	required):	required):
			this	Program:			
			Program:				
Old Surety Life Insurance	19.000%	19.000%	\$14,468	31	\$76,148	%	%
Company							

Company Tracking Number:

TOI: MS051 Individual Medicare Supplement - Sub-TOI: MS051.003 Plan C

Standard Plans

Product Name: Medicare Supp Plan C (1990 Stand.)

Project Name/Number:

#### Rate/Rule Schedule

Schedule Document Name: Affected Form Rate Rate Action Information: Attachments

Item Numbers: Action:\*

Status: (Separated with

commas)

Approved Med Supp Plan C Form 500-C-AR New Actuarial Mem -

10/19/2010 Form 500-C-AR

2011.pdf

# Old Surety Life Insurance Company Actuarial Memorandum Form 500 – C – AR

#### **Purpose**

The purpose of this rate filing is to request a rate revision and to demonstrate that the anticipated loss ratio of the product meets the minimum requirements of your state. This rate filing is not intended to be used for other purposes.

### **General Descriptions**

Form 500-C-AR is an individual Medicare Supplement Policy and is a closed block of business. This policy provides coverage for Standard Medigap Plan C.

#### Scope and Reason for Rate Request

The requested rate increase is 19%. The rate increase is necessary because of the changes in Medicare benefits, inflationary trends and adverse experience. If this rate increase is approved, it will be implemented on the next policy anniversary date after proper policyholder notification.

#### **Estimated Average Annual Premium**

The current and proposed estimated average annual premiums are shown below:

Current \$3,717 Proposed \$4,423

#### **Historical Experience**

The historical experience on this block of business from inception through August 31, 2010 is shown in Exhibit 1.

#### **Loss Ratio Projection**

The loss ratio projections without and with the proposed rate increase are shown in Exhibits 2 and 3. The following assumptions were used in the loss ratio projections:

Trend Rates: 10 %

Aging of Claims: 2%

Lapse Rates: 15%

Shock Lapses: 5%

Interest Rate 6%

# Old Surety Life Insurance Company Actuarial Memorandum Form 500 – C – AR

Rate Increase: 19% (Implementation to begin 01/01/2011)

The projected loss ratios are shown in Exhibits 2 & 3. The Anticipated Future Loss Ratios and the Lifetime Anticipated Loss Ratios are as follows:

	Without Increase	With Increase		
Future	135.5%	111%		
Lifetime	74.2%	73%		

The future loss ratio is calculated as the present value of future incurred claims divided by the present value of future earned premiums. The lifetime loss ratio is calculated as the sum of the accumulated incurred claims since inception plus the sum of the present value of future incurred claims divided by the sum of the accumulated earned premiums since inception plus the sum of the present value of future earned premiums.

#### **Actuarial Certification**

I certify that to the best of my knowledge and judgment, this rate submission is in compliance with the applicable laws and regulations of the state and the benefits are reasonable in relation to the premiums. The lifetime anticipated loss ratio exceeds the applicable loss ratio of 65%.

James L. Harlin FSA MAAA

FiSource, Inc.

1019 Waterwood Pkwy Suite E

Edmond, OK 73034

Telephone: 405/513-5166 Fax: 405/513-5166

Exhibit 1
Old Surety Life Insurance Company
Policy Form Form 500-C-AR

Current Average Rate	\$ 3,717
Proposed Average Rate	\$ 4,423

## Historical Experience

Issue Number Year of Policies		Earned Premium		Incu Clai	urred ims	Loss Ratio	
199	5 21	\$	4,410	\$	1,982	45%	
199	3 224	\$	100,003	\$	49,911	50%	
199	7 368	\$	240,073	\$	147,153	61%	
199	3 402	\$	324,376	\$	207,465	64%	
199	568	\$	450,065	\$	336,254	75%	
200	631	\$	598,404	\$	477,296	80%	
200	1 425	\$	604,338	\$	513,767	85%	
200	2 238	\$	489,353	\$	318,176	65%	
200	3 167	\$	395,518	\$	268,125	68%	
200	136	\$	311,249	\$	186,786	60%	
200	5 116	\$	277,248	\$	199,647	72%	
200	86	\$	224,815	\$	140,970	63%	
200	7 71	\$	201,957	\$	129,922	64%	
200	3 48	\$	161,162	\$	122,091	76%	
200	9 36	\$	128,567	\$	92,211	72%	
201	31	\$	76,148	\$	59,727	78%	

2010 is for data through August 31 2010

Exhibit 2 Old Surety Life Insurance Company Policy Form Form 500-C-AR

10-Year Projection Without proposed increase

		WITHO	UT	INTEREST			_	WITH II	NTE	REST	
Calendar	Earned		ind	curred	Loss		Ea	rned	Inc	urred	Loss
Year	Premium		Cl	aims	Ratio		Pre	emium	Cla	aims	Ratio
1995		4,410	\$			45%		10,569	\$	4,750	45%
1996	1,000	100,003	\$	49,911		50%	\$	226,097	\$	112,844	50%
1997		240,073	\$	147,153		61%	\$	512,058	\$	313,867	61%
1998		324,376	\$	207,465		64%	\$	652,708	\$	417,460	64%
1999		450,065	\$	336,254		75%		854,358	\$	638,310	75%
2000		598,404	\$	477,296		80%	\$	1,071,650	\$	854,764	80%
2001	\$	604,338	\$	513,767		85%	\$	1,021,016	\$	867,999	85%
2002	\$	489,353	\$	318,176		65%	\$	779,954	\$	507,124	65%
2003	\$	395,518	\$	268,125		68%	\$	594,713	\$	403,161	68%
2004	\$	311,249	\$	186,786		60%	\$	441,513	\$	264,960	60%
2005	\$	277,248	\$	199,647		72%	\$	371,020	\$	267,173	72%
2006	\$	224,815	\$	140,970		63%	\$	283,824	\$	177,971	63%
2007	\$	201,957	\$	129,922		64%	\$	240,534	\$	154,739	64%
2008	\$	161,162	\$	122,091		76%	\$	181,082	\$	137,181	76%
2009	\$	128,567	\$	92,211		72%	\$	136,281	\$	97,744	72%
2010		114,222	\$	93,174		82%	\$	114,222	\$	93,174	82%
2011	\$	97,089	\$	88,860		92%	\$	91,593	\$	83,830	92%
2012	\$	82,525	\$	84,746		103%	\$	73,447	\$	75,424	103%
2013	\$	70,147	\$	80,822		115%	\$	58,896	\$	67,860	115%
2014	\$	59,625	\$	77,080		129%	\$	47,228	\$	61,055	129%
2015	\$	50,681	\$	73,511		145%	\$	37,872	\$	54,932	145%
2016	\$	43,079	\$	70,108		163%	\$	30,369	\$	49,423	163%
2017	\$	36,617	\$	66,862		183%	\$	24,352	\$	44,467	183%
2018	\$	31,124	\$	63,766		205%	\$	19,528	\$	40,008	205%
2019	\$	26,456	\$	60,814		230%	\$	15,659	\$	35,996	230%
2020		22,487	\$	57,998		258%	\$	12,557	\$	32,386	258%
Past	\$	4,621,350	\$	3,282,948		71.0%	\$	7,481,031	\$	5,308,472	71.0%
Future	\$	519,829	\$	724,567		39.4%	\$	411,502	\$	545,379	132.5%
Lifetime		5,141,179	\$	4,007,515		77.9%	\$	7,892,533	\$	5,853,851	74.2%
Luctime	Ψ	J, 17 1, 1 <i>1</i> 3	Ψ	7,007,010		11.570	Ψ	7,002,000	Ψ	0,000,001	17.270

Trend	10.0%	Old Blend Rt	\$ 3,717
Aging Trend	2.0%	New Blend Rt	\$ 4,423
Lapse rate	15.0%		
Shock Lapse	5.0%		
Int Rate	6.0%		

Exhibit 3

Old Surety Life Insurance Company Policy Form Form 500-C-AR

10-Year Projection
With proposed increase

WITHOUT INTEREST						with i	NTE	REST				
Calendar	Ē	Ξar	ned	Inc	urred	Loss		Ea	rned	Inc	urred	Loss
Year	F	⊃re	mium	Cla	ims	Ratio		Pre	emium	Cla	ims	Ratio
199	5	\$	4,410	\$	1,982		45%	\$	10,569	\$	4,750	45%
199	6	\$	100,003	\$	49,911		50%	\$	226,097	\$	112,844	50%
199	7	\$	240,073	\$	147,153		61%	\$	512,058	\$	313,867	61%
199	8	\$	324,376	\$	207,465		64%	\$	652,708	\$	417,460	64%
199	9	\$	450,065	\$	336,254		75%	\$	854,358	\$	638,310	75%
200	0	\$	598,404	\$	477,296		80%	\$	1,071,650	\$	854,764	80%
200	1	\$	604,338	\$	513,767		85%	\$	1,021,016	\$	867,999	85%
200	2	\$	489,353	\$	318,176		65%	\$	779,954	\$	507,124	65%
200	3	\$	395,518	\$	268,125		68%	\$	594,713	\$	403,161	68%
200	4	\$	311,249	\$	186,786		60%	\$	441,513	\$	264,960	60%
200	5	\$	277,248	\$	199,647		72%	\$	371,020	\$	267,173	72%
200	6	\$	224,815	\$	140,970		63%	\$	283,824	\$	177,971	63%
200	7	\$	201,957	\$	129,922		64%	\$	240,534	\$	154,739	64%
200	8	\$	161,162	\$	122,091		76%	\$	181,082	\$	137,181	76%
200	9	\$	128,567	\$	92,211		72%	\$	136,281	\$	97,744	72%
201	0	\$	114,222	\$	93,174		82%	\$	114,222	\$	93,174	82%
201	1	\$	108,739	\$	83,633		77%	\$	102,584	\$	78,899	77%
201	2	\$	92,428	\$	79,761		86%	\$	82,261	\$	70,987	86%
201	3	\$	78,564	\$	76,068		97%	\$	65,964	\$	63,868	97%
201	4	\$	66,780	\$	72,546		109%	\$	52,896	\$	57,463	109%
201	5	\$	56,763	\$	69,187		122%	\$	42,416	\$	51,701	122%
201		\$	48,248	\$	65,984		137%	\$	34,013	\$	46,516	137%
201		\$	41,011	\$	62,929		153%	\$	27,275	\$	41,851	153%
201		\$	34,859	\$	60,015		172%	\$	21,871	\$	37,654	172%
201		\$	29,630	\$	57,236		193%	\$	17,538	\$	33,878	193%
202		\$	25,186	\$	54,586		217%	\$	14,064	\$	30,481	217%
<b>5</b> /		•	4 004 050	•	0.000.040		71%	\$	7,481,031	\$	5,308,472	71%
Past		\$	4,621,350	\$	3,282,948				, ,	э \$	513,298	111%
Future		\$	582,209	\$	681,945		117%	\$	460,882	Ф \$	5,821,770	73%
Lifetime		\$	5,203,559	\$	3,964,894		76%	\$	7,941,913	Ф	5,021,770	1370

Trend	10.0%	Old Blend Rt	\$ 3,717
Aging Trend	2.0%	New Blend Rt	\$ 4,423
Lapse rate	15.0%		
Shock Lapse	5.0%	New/old Rt	119.0%
Int Rate	6.0%		